

be accelerated while others suggest raising it to 70. Benefits can also be cut back by reducing the size of the automatic cost-of-living adjustments. Taxes can be increased by increasing the payroll tax, increasing the average covered wages, and broadening the tax base to include some currently tax-exempt benefits. Although benefit cuts or tax increases could help shore up the program, they are not politically popular, and passage would be difficult.

A second approach is to means test Social Security—reducing benefits to relatively well-to-do beneficiaries. For example, one proposal is to make wealthier retirees ineligible for Social Security cost-of-living adjustments. Proponents of means testing point out that currently some 1.5 million Social Security recipients have annual incomes over \$100,000. This approach has some appeal, but it is subject to the criticism that it would discourage savings because those who saved during their working years would find income from those savings indirectly taxed through reduced Social Security benefits. It also raises difficult administrative problems, encouraging potential beneficiaries to conceal assets by moving them abroad, placing them in trusts, or shifting them to children.

The third approach is to privatize the existing Social Security system. The main proposal is that we move to a system of mandatory Individual Retirement Accounts, allowing workers to invest the savings directly in higher yielding assets than government securities. Most privatization proposals would not be pure—the system would still protect workers with low earnings and those who become disabled. The Individual Retirement Accounts would be combined with a low-level uniform benefit and disability insurance.

The privatization approach prompts some criticism. It requires a sizable Social Security payroll tax increase over a long transition period to function. These taxes are necessary because it would not be good policy or politically feasible to cut benefits sharply for current retirees or to change the rules for those about to retire. There are also concerns that a privatized program would not provide sufficient support for workers with low lifetime earnings and that less-skilled workers will have difficulty making informed investment decisions. Privatization approaches attract political support especially among high earners.

How Social Security invests its reserves also affects the program's outlook. Under current law, Social Security reserves are invested in special Treasury securities that yield a return of about 2-3% greater than inflation. Some propose investing part of the Social Security reserves in a broad index of private securities. Critics fear that Social Security benefits could be threatened if the stock market goes down and also worry that this approach would enable the federal government to exercise inordinate control over private companies as a dominant shareholder. It is possible that arrangements could be established to prevent such control of companies whose shares would be represented in the broad portfolio.

A fourth main approach to shoring up the Social Security system recognizes the need to go beyond specific program changes to consider the broader economic environment. Since Social Security depends on payroll tax revenues to support it, it is very sensitive to changes in the economy and workforce productivity. That means we need to continue to implement strong growth-oriented policies for the economy that include balancing the budget and keeping it balanced.

#### CONCLUSION

My view is that the existing Social Security system has many advantages. The sys-

tem is progressive in offering larger benefits relative to lifetime earnings for lower earners than for higher earners. It protects virtually all of the retired population. Its administrative costs are low and its benefits are indexed for inflation. Most Americans now rely on it heavily, so we must be very cautious about any major changes. The projected costs of Social Security in the future are high, but if carefully planned and handled, these costs are manageable.

(Material taken from "Setting National Priorities" by the Brookings Institution)

### LEGISLATION IN SUPPORT OF RELIABLE WATER SUPPLY

#### HON. RICK HILL

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. HILL. Mr. Speaker, I rise today to introduce legislation that will ensure the Assiniboine and Sioux people of the Fort Peck Reservation and the surrounding communities in my home State of Montana a safe and reliable water supply. The Fort Peck Reservation, with a population of over 10,000, is one of the largest reservations in the United States. This reservation suffers from a 52-percent unemployment rate and many of its residents suffer from high incidents of heart disease, high blood pressure, and diabetes. A safe source of water is needed to improve the health status of the residents and encourage economic self-sufficiency.

This legislation delivers those needs for the residents of the reservation and the nearby communities. Building upon a consensus-based water compact, this legislation authorizes a municipal, rural, and industrial water system for the Fort Peck Reservation and the surrounding communities off the reservation. This project will benefit the entire region of northeast Montana and, accordingly, has the support of the residents of the Fort Peck Reservation and the Tribal Council of the Assiniborne and Sioux Tribes, and a member of the conservation districts surrounding the reservation.

The people in this region are plagued with major drinking water problems. In one community, the sulfate levels in the water are four times the standard for safe drinking water. In four of the communities the iron levels are five times the standard. In all of the communities throughout the reservation the groundwater exceeds the standards for total dissolved solids, iron, sulfates, nitrates. In some instances, minerals such as selenium, manganese, and fluorine are found in high concentrations.

Several local water systems have had occurrences of biological contamination. As a result, the Indian Health Service has issued several public health alerts. In most of the reservation communities, the residents are forced to buy bottled water at a cost of at least \$75 a month. Those who cannot afford to buy bottled water must continue to use the existing water sources, at great risk to their health. This is true although an ideal source of safe water, the Missouri River, flows near their homes every day. In short, Mr. Speaker, the very health of the residents depends on construction of this project.

Besides the need for drinking water, a new source of water is needed to protect the live-

stock operations. A major constraint on the ranching industry at Fort Peck has been a lack of available watering sites for the cattle. This water system would provide the needed pasture taps for livestock watering which would boost the local economy. In addition, distributing livestock water to pasture taps at different locations throughout the range would be an effective measure for soil conservation and range management.

Finally, the future water needs of the region are expanding. Current census data show the reservation population as increasing over 30 percent in the next 20 years. The people of the reservation and surrounding communities are clearly in desperate need of a safe and good source of drinking water.

The solution to this need for an adequate and safer water supply is a water system that will deliver a safe and adequate source of water to the residents of the region by using a small amount of the water in the Missouri River to meet these needs. The same type of system has been successfully used throughout the Dakotas.

The people of the Fort Peck Indian Reservation and the region only ask for a necessity of life: good, clean, safe drinking water. Mr. Speaker, I am proud to say that this bill delivers those basic necessities and helps foster much needed economic benefits.

### TRIBUTE TO GORDON HEIGHTS

#### HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. FORBES. Mr. Speaker, I rise today to pay tribute to Gordon Heights, Long Island as its residents mark the 70th anniversary of this community's creation this year. I ask all of my colleagues in the House of Representatives to join me in honoring my friends and neighbors in Gordon Heights, as they celebrate their community's historic anniversary on August 16, 1997.

A community of caring, friendly people, Gordon Heights is a place where neighbors help neighbors and all residents share in the pride of their hometown. So much of that pride is generated by the great work of the Greater Gordon Heights Civic Association, who through their kind and caring acts have come to truly personify the selfless attitude that is the hallmark of small town America. Students, working mothers, senior citizens, children, veterans and so many others in the Gordon Heights community have benefited from the civic association's charitable efforts and educational programs.

As the Greater Gordon Heights Civic Association has shown, a community's collective civic pride is manifested through the actions of its residents. This evidenced once again by the members of the Gordon Heights Volunteer Fire Department, who are celebrating the 50th anniversary of dedicated service to this Long Island community. Concerned only with saving the lives and property of their neighbors, and compensated only by the gratitude of those they protect, these volunteer firefighters answer the call for help in the dead of night, on brutally cold mornings and in the face of grave danger. The Bible teaches us that we can show no greater love than to lay down our life